

# EXHIBIT F

B U S I N E S S R E P O R T  
T O S H A R E H O L D E R S

January 1 to December 31, 2011



**NEXON**

Stock Code: 3659

NEXON Co., Ltd. was listed on the first section of the Tokyo Stock Exchange on December 14, 2011.



## President's Message

# No.1 Global Entertainment Company

## Globalization+Creativity

I am very pleased to be reporting our first financial results as a listed company. As you know, NEXON Co., Ltd. ("Nexon") went public on the first section of the Tokyo Stock Exchange on December 2011. I am very grateful since this was entirely thanks to the support we have received from all of you. It was an honor for us to achieve this important milestone in the history of our company, and I want to extend my heartfelt welcome to our new shareholders to participate in Nexon's growth.

Under the management philosophy "Globalization and Creativity— We are connecting the world via the development of creative entertainment," our company's business vision is to become the number one Global Entertainment Company by delivering original games that provide great value globally. With our operations headquartered in Japan, we are implementing this policy by expanding our business to countries throughout the world.

As of the end of December 2011, Nexon had more than 50 games in more than 100 countries worldwide, either directly or through partnerships in each country. As an organization focused on steady growth and high returns, we will remain focused on expanding our free-to-play online games business globally.

Please give us your continued support and encouragement.

**Seungwoo Choi,**

President and Chief Executive Officer



# About NEXON

## Business Strategy

### To globally offer our players fun and entertaining experiences through our free-to-play online games.

Online games are steadily expanding their visibility as a new kind of entertainment particularly suited to today's world. The business strategy of our group is to provide game players everywhere with the greatest fun and most immersive and engaging experiences via free-to-play online games.

We are applying this fundamental policy into practice. With due consideration of regional characters, and with our past success as a benchmark, we believe that our group will be able to achieve steady growth through the core strategic initiatives listed below.

- ① Enhancing and extending our existing game franchises
- ② Broadening our portfolio through new game introductions
- ③ Expanding geographically
- ④ Bringing our games to new platforms and devices such as as smartphones
- ⑤ Building the Nexon brand globally

Through the implementation of these initiatives we aim to achieve stable, ongoing expansion of corporate scale as we continue to pursue a level of originality unique to our company.

## Globalization

**Global business expansion**  
**Global Nexon brand building**

## Creativity

**Enhancing and extending our existing game franchises**  
**Broadening our portfolio through new game introductions**  
**Bringing our games to new platforms and devices**

\*Free-to-play ("F2P"): A business model in which basic services (gameplay) are provided to players free of charge. Under this model, fees are charged when points, items and incidental services are purchased.

# About NEXON

## Business Model

### Ongoing success as a game development, distribution and management company – F2P business model (free basic play; fees for items) –

#### Self-distribution model

Games developed by the group are distributed directly to players along with supporting services. We are pleased to achieve success primarily with free-to-play (free basic play; fees for items).

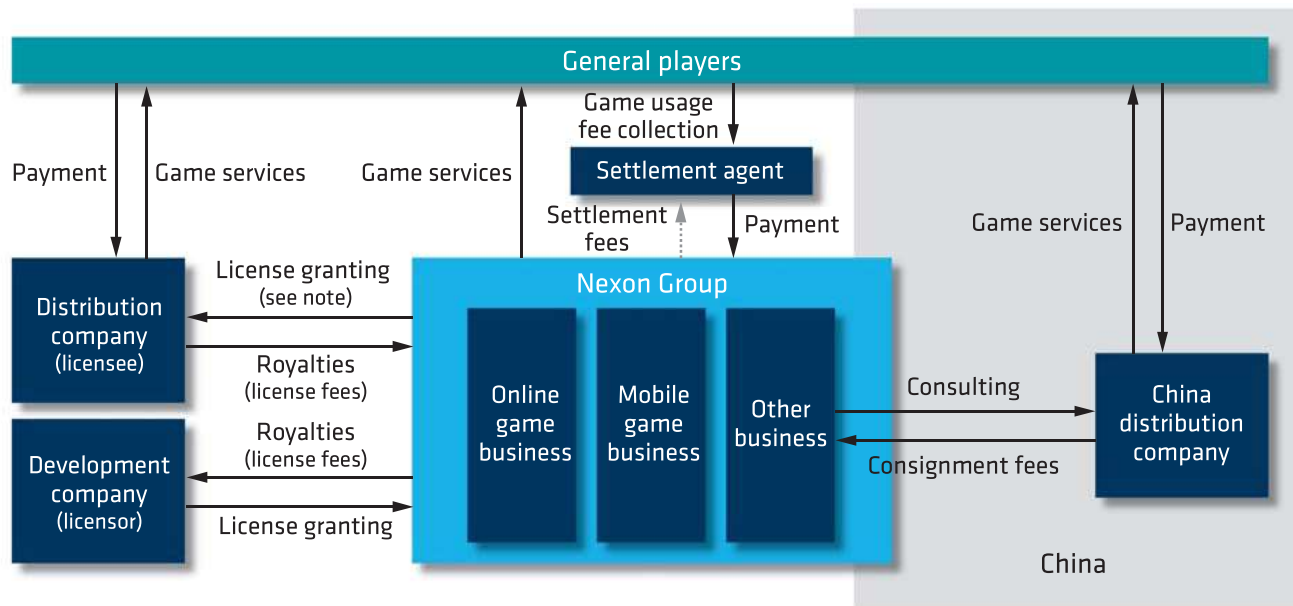
#### License granting model

License agreements are conducted with distribution companies outside the group and distribution rights are granted. Our group provides game content updates and technical support on an ongoing basis, and we collect royalties from distribution companies.

#### License distribution model

License agreements are conducted with game development companies outside the group and distribution rights are obtained. The game developer provides game content updates and technical support on an ongoing basis, and our group companies pay royalties.

Business Model



Note: As a general matter, we only grant local exclusive licenses with a specific game title for any given country.

# About NEXON

## Overseas Business

### Becoming a worldwide entertainment enterprise as a global fun leader

Through a wide range of game-centered entertainment businesses, we aim to lead the entertainment culture by providing the greatest fun and most immersive and engaging experiences for game players everywhere. As a highly original and innovative game creator, as a leading entertainment provider giving top priority to

customer value and as a business partner committed to success, Nexon is determined to be a global fun leader. Moving forward, we will continue to grow into an internationally acclaimed comprehensive entertainment company with outstanding originality, a can-do spirit and customer-centric thinking.

## Overseas Subsidiaries

Overseas Business



**NEXON Europe S.A.R.L.** Established in November 2010  
<http://www.nexoneu.com/>



**NEXON Korea Corporation** Established in December 1994  
<http://www.nexon.com/>

**GameHi Co., Ltd.** Established in November 1993  
<http://www.gamehi.net/>

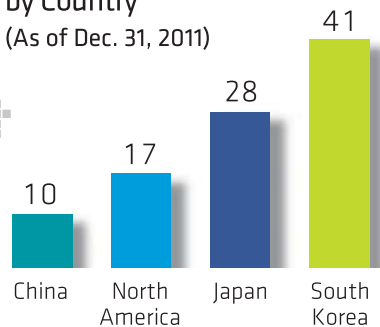
**NDOORS Corporation** Established in September 1999  
<http://www.ndoors.com/>

**Neople Inc.** Established in April 2001  
<http://www.neople.co.kr/>



**NEXON America Inc.** Established in September 2005  
<http://www.nexon.net/>

**Number of titles distribution by Country**  
 (As of Dec. 31, 2011)





## Online Games

Responding to the increasing diversity of player needs, we offer a portfolio of game titles covering a rich range of genres

### Main Contents



Copyright © 2009 NEXON Korea Corporation and NEXON Co., Ltd. All Rights Reserved.

#### MapleStory

A 2D side-scrolling action MMORPG with service provided in more than 60 countries in Asia, North America, South America and Europe. Utilizing a free-to-play business model, this is one of our company's most popular online games.



Copyright © 2009 NEXON Korea Corporation and NEXON Co., Ltd. All Rights Reserved.

#### Dungeon & Fighter

A side-scrolling action Role-Playing Game (RPG) featuring convenient play, dynamic visuals and an arcade game feel. Players can enjoy wielding the special skills of their characters by forming a party with multiple players.



Copyright © 2008 NEXON Korea Corporation and NEXON Co., Ltd. All Rights Reserved.

#### Mabinogi

A Massively Multiplayer Online Role-Playing Game (MMORPG) featuring a warm and deeply nuanced worldview with ancient Celtic myths and folk tales as a motif. This game's popularity stems from its distinctive and appealing characters and for a level of story depth unusual in online games.

### New Contents



Copyright © 2011 NEXON Korea Corporation All Rights Reserved. Copyright © 2011 NEXON Co., Ltd. All Rights Reserved.

#### Vindictus

Following four years of production, Vindictus was the first online action RPG using a source engine. For distinctive action game fun, it combines a highly realistic feel with background graphics generated by a physics engine.



Copyrights © NEOPLE Co., Ltd. All rights reserved.

#### Cyphers

A third-person action RPG with a science fiction worldview. As characters with supernatural abilities, players use simple mouse and key operations to enjoy wielding amazing skills not found in past games. Cyphers received the Korean Game Awards Grand Prize and Popularity Prize in November of 2011.

### Mobile



#### Mobile games

Nexon is introducing mobile games for feature phones, smartphones and tablet platforms that have been gaining popularity in recent years. Not just relying on existing intellectual property, we are also developing and distributing new games on new platforms.

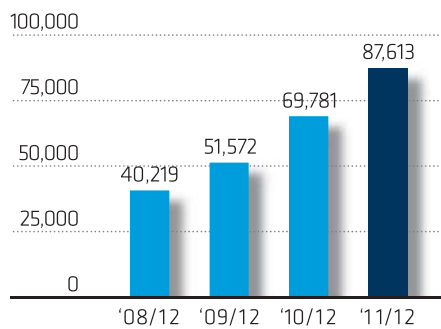


## Financial Highlights (Consolidated Result)

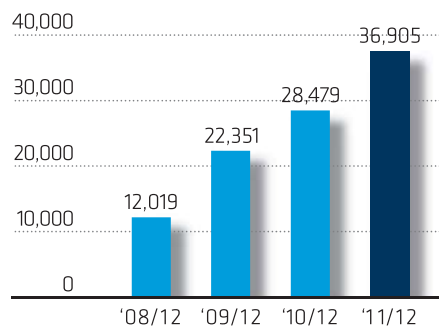
	Dec. 2008	Dec. 2009	Dec. 2010	Dec. 2011
Revenue (Millions of yen)	40,219	51,572	69,781	87,613
Ordinary income (Millions of yen)	12,019	22,351	28,479	36,905
Net income (Millions of yen)	8,290	17,659	21,638	25,755
Total assets / net assets (Millions of yen)	75,996 / 27,059	94,530 / 45,895	123,717 / 66,904	235,765 / 177,886
Equity ratio (%)	35.4	48.3	50.5	73.8
Net income per share (yen)	23.49	50.04	61.32	71.65

Financial Highlights

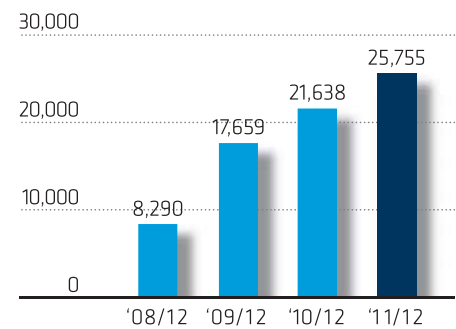
Revenue (Millions of yen)



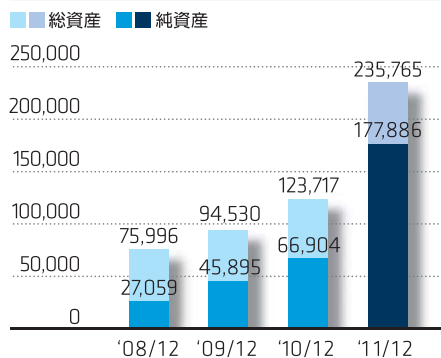
Ordinary income (Millions of yen)



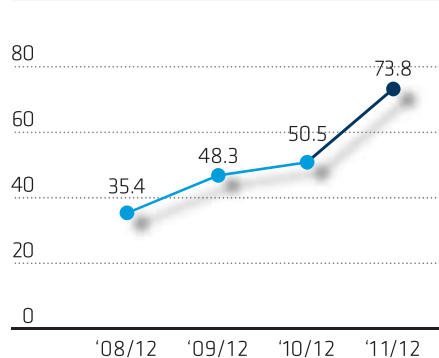
Net income (Millions of yen)



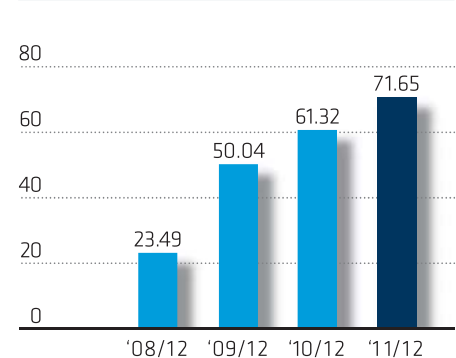
Total assets/net assets (Millions of yen)



Equity ratio (%)



Net income per share (yen)



\*Amount is rounded down to the nearest million yen.

Note: The company effected a 1:100 stock split on July 21, 2011. The above per share data are adjusted to reflect the stock split.

## Operating Performance

Providing high quality service to a wide range of players, we are aggressively acquiring superior franchises that will suit the tastes of our diversified player base, and we are moving forward with the enhancement of existing titles and the distribution of new titles

### 2011 Annual Results

On a consolidated basis for fiscal year of 2011, we are pleased that Nexon delivered solid earnings performance as well as growth in all of our key financial metrics. Specifically, we continued to make progress in our basic player metrics: number of registrations, player engagement and profitability. We believe that these results show the following: the success of our F2P (free basic play; fees for items) business model; our ongoing success as an online game development, distribution and management company; and the further expansion of the scope of our business.

For this fiscal year, our consolidated results were: revenue ¥87,613 million (an increase of 25.6% year-over-year), operating income ¥38,249 million (an increase of 26.7% year-over-year), ordinary income ¥36,905 million (an increase of 29.6% year-over-year) and net income ¥25,755 million (an increase of 19.0% year-over-year).

### 2012 Business Outlook

We will continue to expand our corporate scale under a basic business policy of strengthening existing games and introducing new games in regions worldwide.

Our forecasted consolidated results for the fiscal year ending December 2012 are: revenue ¥102,086 million (an increase of 16.5% year-over-year), operating income ¥45,259 million (an increase of 18.3% year-over-year), ordinary income ¥45,850 million (an increase of 24.2% year-over-year) and net income ¥33,516 million (an increase of 30.1% year-over-year). (The forecasted exchange rates used were 14.70 South Korean won against Japanese yen and US dollar against 77 Japanese yen.)

Breakdown Ratio of Regional Revenue  
(as of Dec. 31, 2011)

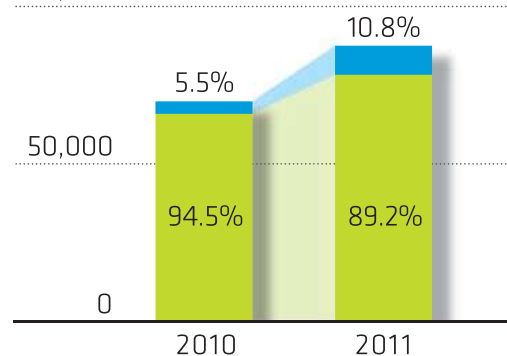


China	37.4%
South Korea	32.7%
North America and others	15.0%
Japan	14.9%

New and Existing Title Ratio

■ New titles ■ Existing titles

100,000 (Millions of yen)



## Condensed Consolidated Financial Statement

### Consolidated Balance Sheet (Millions of yen)

Accounts Item	As of December 31, 2010	As of December 31, 2011
<b>Assets</b>		
Current assets	47,233	150,722
Noncurrent assets	76,483	85,043
Property, plant and equipment	7,403	16,016
Intangible assets	56,086	44,074
Investments and other assets	12,994	24,952
<b>Total assets</b>	<b>123,717</b>	<b>235,765</b>
<b>Liabilities</b>		
Current liabilities	22,171	24,562
Noncurrent liabilities	34,641	33,316
<b>Total liabilities</b>	<b>56,812</b>	<b>57,878</b>
<b>Net assets</b>		
Shareholders' equity	74,473	191,219
Capital stock	4,245	50,300
Capital surplus	4,107	50,162
Retained earnings	66,120	90,757
Total accumulated other comprehensive income	△11,960	△17,239
Minority interests	4,022	3,451
Subscription rights to shares	368	455
<b>Total net assets</b>	<b>66,904</b>	<b>177,886</b>
<b>Total liabilities and net assets</b>	<b>123,717</b>	<b>235,765</b>

### Consolidated Statements of Income (Millions of yen)

Accounts Item	From January 1, 2010 to December 31, 2010	From January 1, 2011 to December 31, 2011
<b>Net sales</b>	<b>69,781</b>	<b>87,613</b>
Cost of sales	11,922	14,948
Gross profit	57,858	72,665
Selling, general and administrative expenses	27,675	34,415
<b>Operating income</b>	<b>30,183</b>	<b>38,249</b>
Non-operating income	2,042	2,652
Non-operating expenses	3,746	3,997
<b>Ordinary income</b>	<b>28,479</b>	<b>36,905</b>
Extraordinary income	1,960	540
Extraordinary losses	1,157	1,944
Income before income taxes and minority interests	29,282	35,500
Total income taxes	7,939	9,953
Income before minority interests	—	25,547
Minority interests in loss	△295	△208
<b>Net income</b>	<b>21,638</b>	<b>25,755</b>

### Consolidated statements of cash flows (Millions of yen)

Accounts Item	From January 1, 2010 to December 31, 2010	From January 1, 2011 to December 31, 2011
<b>Operating activities</b>	<b>34,046</b>	<b>39,762</b>
<b>Investing activities</b>	<b>△29,366</b>	<b>△29,486</b>
<b>Financing activities</b>	<b>2,871</b>	<b>83,499</b>
Effect of exchange rate change on cash and cash equivalents	△3,972	△650
<b>Net increase in cash and cash equivalents</b>	<b>3,578</b>	<b>93,125</b>
Cash and cash equivalents at beginning of period	20,894	24,473
Cash and cash equivalents at end of period	24,473	117,598

## Corporate Overview & Shares Information

### Corporate Profile (as of December 31, 2011)

Corporate Name	NEXON Co., Ltd.
Founded	December 18, 2002
Location	3-1, Shinkawa, 2-chome, Chuo-ku, Tokyo 104-0033 Tel.03-3523-7911
Paid-in Capital	¥50,300 million
Number of employees (Stand-alone)	227
Average age	31.7
Business	<ul style="list-style-type: none"> <li>•Portal site planning and management</li> <li>•Online game development and services</li> <li>•Publishing business</li> </ul>

### Board of Directors (as of December 31, 2011)

President and Chief Executive Officer	Seungwoo Choi
Director	Jiwon Park
Director	Owen Mahoney
Director	Min Seo
Director	Kyungtaek Han
Director	Jungju Kim
Statutory Auditor	Toshishige Tanaka
Statutory Auditor	Iwao Ohtomo
Statutory Auditor	Ryoji Mori

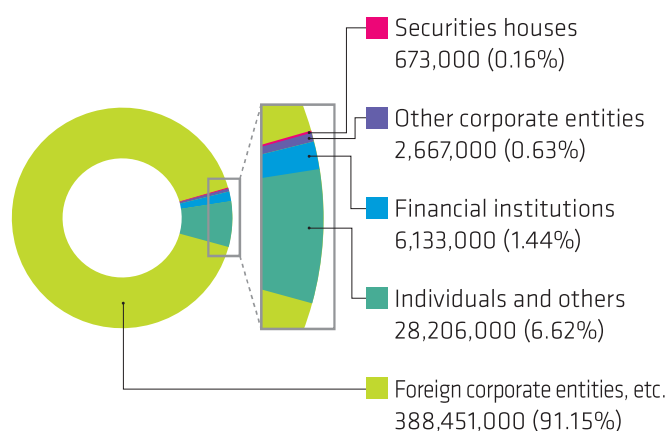
### Corporate Shares Information (as of December 31, 2011)

Number of authorized shares	1,400,000,000
Number of shares issued	426,132,900
Number of shareholders	26,807

### Major Shareholders (Top 10 as of December 31, 2011)

Name	Number of Shares	Ownership
NXC Corporation	231,631,400	54.36%
NXMH B.V.B.A.	38,020,000	8.92%
CBHK-KOREA SECURITIES DEPOSITORY-SAMSUNG	26,278,400	6.17%
Min Seo	11,857,500	2.78%
KIM SANG BEOM	8,900,000	2.09%
NXMH B.V.	8,349,200	1.96%
Lee Seung Chan	6,184,400	1.45%
STATE STREET BANK AND TRUST COMPANY	5,585,493	1.31%
GOLDMAN, SACHS & CO. REG	4,832,100	1.13%
The Foundation for children's Library Culture Development	4,000,000	0.94%

### Shareholder Breakdown (as of Dec. 31, 2011)



\*Amounts of less than one thousand are rounded down to the nearest thousand.

## IR Information

---

Fiscal Year	From January 1 to December 31
Annual General Meeting of Shareholders	March
Record date	December 31
Dividend record dates	June 30 and December 31
The number of shares per unit	100 shares
Shareholder Registry Administrator	Sumitomo Trust & Banking Co., Ltd. 5-33, Kitahama 4-chome, Chuo-ku, Osaka
Contact	Sumitomo Trust & Banking Co., Ltd., Stock Transfer Agency Department 1-10, Nikko-cho, Fuchu-shi, Tokyo 183-8701 ☎ 0120-176-417
Method for public notices	Electronic public notice is to be used. However, under the situation that an accident or other unavoidable circumstances make it impossible to use an electronic public notice, the notice will be published in <i>Nihon Keizai Shimbun</i> . Public notices URL <a href="http://company.nexon.co.jp/introduction/top.aspx/">http://company.nexon.co.jp/introduction/top.aspx/</a>

---

Note: The shareholder registry administrator is to be changed to the organization shown below as a result of the merger of Sumitomo Trust & Banking Co., Ltd. that effective on April 1, 2012

Shareholder Registry Administrator	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Contact	Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department 1-10, Nikko-cho, Fuchu-shi, Tokyo 183-8701 ☎ 0120-176-417



**NEXON Co., Ltd.** 3-1, Shinkawa, 2-chome, Chuo-ku, Tokyo 104-0033  
[www.nexon.co.jp](http://www.nexon.co.jp)